

ANNUAL USE OF CAPITAL SURVEY - 2009**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Bank - Union Savings Bank	Holding Company - Union Financial Corporation
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Person to be contacted regarding this report:	Nicholas Kost
CPP Funds Received:	\$2,179,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/29/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	3824654
Holding Company Docket Number: (For Thrift Holding Companies)	H2495
FDIC Certificate Number: (For Depository Institutions)	32329
City:	Albuquerque
State:	New Mexico

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	The CPP funds were received on December 29, 2009. No CPP funds were utilized in 2009. It is anticipated the CPP funds will be used to increase lending in residential; small business loans and commercial loans.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	It is anticipated that the bank will repurchase several commercial loans which were sold due to a lower legal lending limit. The funds will support increase lending to residential and small businesses.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

None

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Due to the capital infusion of CPP funds the banks legal lending limit increased. It is anticipated that the bank will repurchase loans which were sold due to the lower limit. Prior to a credit being repurchased it will be reviewed for credit quality, prior performance and collateral value. Credits will be subjected to the same approval process as any new loan or renewal.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

None